Safran is a leading international high-technology group and a Tier-1 supplier of systems and equipment for aerospace, defense and security. Operating worldwide, the Safran group has more than 54,000 employees and generated sales of 10.8 billion euros in 2010. Through its global presence Safran not only enhances its competitiveness, but also builds industrial and commercial relations with the world’s leading prime contractors and operators, while providing fast local service to customers around the world. Working alone or in partnership, Safran holds world or European leadership positions in its core markets.
2010 was much more than just a year of transition for Safran. It also marked the end of a difficult period, as the rebound in air traffic was confirmed and our customers reaffirmed their confidence in us. Safran is now stronger, and is ready to pursue its development under optimum conditions.

All of the Group’s businesses recorded good performance, with certain emblematic achievements that are worth emphasizing. The highlight in the aerospace propulsion market was the confirmed breakthrough of the LEAP-X, successor to the CFM56, as the powerplant of choice on single-aisle jetliners. The propulsion system developed by Safran and partner GE has already been chosen for the Comac C919, built in China, and for the Airbus A320neo. At the same time, our acquisition of SNPE Matériaux Energétiques (SME) will enable us to develop a global champion in solid propulsion for space. The Aircraft Equipment branch confirmed its recovery, and has reorganized to meet the challenges facing us in the coming decades, in particular the advent of “more electric” aircraft. In the Defense sector, our optronics equipment scored major business wins, while our security business continued to grow at a sustained pace, in line with Safran’s corporate strategy. Our selection on the vast Indian program to assign every resident a unique biometric identification number shows that we have the capabilities needed to meet our ambitious goals. This is the largest program of its type in the world, covering more than 1.3 billion persons. We are also pursuing our targeted acquisition policy, most recently with the planned addition of L-1 Identity Solutions.

Safran’s performance has recorded a clear improvement, once again demonstrating the strength of our business model. Our sales increased 3% last year to nearly 11 billion euros, and our operating income rose by 20%. Each of our businesses, supported by the highly effective Safran+ improvement program, contributed to these good results. Our share price reflects investor confidence in the Group’s fundamentals: in fact, we practically doubled our stock market valuation during the year.

At the same time, we continue to build and perfect our organization. We are pooling our support functions, and we have rolled out a new visual identity. With full confidence in the dynamic performance of our markets, plus significant investment capacity, we are modernizing our industrial facilities in depth. For example, we opened four major plants in 2010, both in France and abroad.

Sure of our business model and our outstanding people, and with a clear vision of market trends, Safran expects sales to increase in 2011 by at least 5%, while our recurring operating income will advance at least 20%.

JEAN-PAUL HERTEMAN
Chief Executive Officer, Safran

“Even stronger and more integrated, Safran is ready to pursue its growth under optimum conditions.”

JEAN-PAUL HERTEMAN
SUPERVISORY BOARD

The Safran Supervisory Board met eight times in 2010, in particular to approve the consolidated and non-consolidated financial statements and to read the Executive Board’s quarterly reports. It comprises 17 members.

Francis Mic, Chairman
Michel Lucas, Vice Chairman

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has designated three committees to prepare its discussions, spotlight major issues and submit proposals.

STRATEGY COMMITTEE
The Strategy Committee gives its opinion on the Group’s major strategic objectives and the development policy proposed by the Executive Board. It examines plans for strategic agreements and partnerships, as well as acquisitions and operations affecting the Group’s structures. Since April 14, 2010, the committee comprises five members: Francis Mic (chairman), Pierre Aubouin, Christophe Burg, Luc Oursel and Jean Rannou.

AUDIT COMMITTEE
The Audit Committee examines financial statements and accounting procedures. In addition, it reviews requests submitted by the Management Board to the Supervisory Board for authorizations concerning significant acquisitions or divestments, as well as capital increases. The committee has five members: Shemaya Lévy (chairman), Pierre Aubouin, Christophe Burg, François de Combrez, Jean-Marc Forneri and Michel Toussan.

APPOINTMENT AND REMUNERATION COMMITTEE
The Appointment and Remuneration Committee assists the Supervisory Board in selecting members and corporate officers, and draws up recommendations concerning the compensation of corporate officers. The committee has six members: Michel Lucas (chairman), Pierre Aubouin, Christophe Burg, François de Combrez, Jean-Marc Forneri and Bernard Vatier.

EXECUTIVE BOARD

Jean-Paul Herteman, Chairman
Olivier Andriès, Executive Vice President, Defense – Security
Dominique-Jean Chertier, Executive Vice President, Social, Legal and Institutional Affairs
Xavier Lagarde, Executive Vice President, Quality, Audit and Risk Management
Yves Lecleir, Executive Vice President, Aircraft Equipment
Ross McInnes, Executive Vice President, Economic and Financial Affairs
Marc Ventre, Executive Vice President, Aerospace Propulsion

CORPORATE OFFICERS

Jean-Pierre Cojan, Executive Vice President, Strategy and Development
Xavier Lagarde, Executive Vice President, Quality, Audit and Risk Management
Yves Lecleir, Executive Vice President, Aircraft Equipment
Ross McInnes, Executive Vice President, Economic and Financial Affairs
Marc Ventre, Executive Vice President, Aerospace Propulsion

GOVERNANCE AT DECEMBER 31, 2010

GOVERNANCE
Safran’s Annual General Meeting of Shareholders was held on April 21, 2011 at L’Espace Grande Arche, Paris-La Défense, under the chairmanship of Francis Mer, Chairman of the Supervisory Board.

The meeting approved the change in corporate governance to a structure solely based on a Board of Directors, and appointed the following members of the Safran Board of Directors:

Jean-Paul Herteman, Chairman and CEO
Francis Mer, Vice Chairman
Pierre Aubouin
Marc Aubry
Giovanni Bisignani
Christophe Burg
Jean-Lou Chameau
Odile Desforges
Jean-Marc Forneri
Christian Halary
Xavier Lagarde
Michel Lucas
Elisabeth Lulin
Laure Reinhart
Michèle Rousseau
Board Advisor: Caroline Grégoire Sainte Marie

This type of corporate governance offers a more streamlined organization than the previous structure (15 members instead of 20), and is also more diversified, since it now includes five women on the Board, as well as two international figures.

Along with the change in corporate governance, Safran has also modified its corporate management structure. The aim is to continue to knock down operational barriers between Group companies, by creating an Operations division, and to further energize innovation across all entities by creating a Transformation division.

The Board has designated three committees to prepare its discussions, spotlight major issues and submit proposals.

### BOARD COMMITTEES

**STRATEGY AND MAJOR PROJECTS COMMITTEE**
The Strategy and Major Projects Committee issues opinions on the Group’s major strategic objectives and the development policy proposed by corporate management to the Board of Directors.
Committee members: Francis Mer (Chairman), Pierre Aubouin, Giovanni Bisignani, Christophe Burg, Odile Desforges, Xavier Lagarde and Laure Reinhart.

**AUDIT AND RISK MANAGEMENT COMMITTEE**
The Audit and Risk Management Committee examines financial statements and monitors questions concerning the generation and control of financial and accounting information. In addition, it oversees the efficiency of the company’s internal control and risk management systems.
Committee members: Jean-Marc Forneri (Chairman), Pierre Aubouin, Elisabeth Lulin, Michèle Rousseau and Caroline Grégoire Sainte Marie.

**NOMINATION AND REMUNERATION COMMITTEE**
The Nomination and Remuneration Committee assists the Board in selecting members and corporate officers, and draws up recommendations concerning the compensation of corporate officers.
Committee members: Michel Lucas (Chairman), Pierre Aubouin, Giovanni Bisignani, Christophe Burg and Francis Mer.

Along with the change in corporate governance, Safran has also modified its corporate management structure. The aim is to continue to knock down operational barriers between Group companies, by creating an Operations division, and to further energize innovation across all entities by creating a Transformation division.

**CORPORATE MANAGEMENT**

Jean-Paul Herteman, Chairman and CEO
Dominique-Jean Chertier, Deputy Chief Executive Officer / Corporate Office
Ross McInnes, Deputy Chief Executive Officer / Finance
Marc Ventre, Deputy Chief Executive Officer / Operations

Jean-Pierre Cojan, Executive Vice President / Strategy
Bruno Cotté, Executive Vice President / International
Yves Leclère, Executive Vice President / Transformation
Philippe Petitcolin, President / Defence-Security
Jean-Luc Engerand  
Chairman and CEO, Snecma Propulsion Solide

Olivier Andries  
Chairman and CEO, Turbomeca

Philippe Schleicher  
Chairman and CEO, SME

Jean-Luc Engerand  
Chairman and CEO, Snecma Propulsion Solide

Yves Prete  
President and CEO, Tachspace Aero

Vincent Mascré  
Chairman and CEO, Aircelle

Alain Sauret  
Chairman and CEO, Messier-Bugatti-Dowty

Olivier Horaist  
Chairman and CEO, Hispano-Suiza

Karen Bomba  
Chairman and CEO, Labinal

Philippe Petitcolin  
Chairman and CEO, Sagem

Jean-Paul Jainsky  
Chairman and CEO, Morpho
Safran posted adjusted sales of 10.8 billion euros for 2010, up 3% over 2009. Adjusted recurring operating income came to 878 million euros, equal to 8.2% of sales. This result was based on a hedging rate of $1.44/euro, slightly more unfavorable than in 2009. One-time expenses, all related to the costs of mergers and acquisitions, amounted to 13 million euros, and adjusted operating income was 865 million euros. The Group’s share of adjusted net income jumped 29% over the previous year to 508 million euros, or 1.27 euros per share.

The 312 million euro rise in sales is primarily due to an increase of more than 15% in defense business, especially in optronics equipment, and the security sector, mainly due to acquisitions. While the sale of original equipment for aircraft declined somewhat, mainly due to a late ramp-up in Airbus A380 and Boeing 787 production, the sales generated by services remained stable.

Safran’s consolidated sales increased moderately in 2010, to 10,760 million euros, from 10,448 million euros in 2009, for a growth rate of 3%. On an organic basis, Group sales decreased slightly, by 1%.

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Between 2007 and 2010, the compound average growth rate was about 15%. Including the acquisitions of Printrak and GE Homeland Protection in 2009, this average growth rate would be about 21%.

Sales restated according to 2008 scope of consolidation (excluding electronic payment business and excluding Ivory Coast business)

Sales from acquisitions (Printrak, GE Homeland Protection)

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EMPLOYEES

With exports accounting for 80% of its business, Safran is a major international group, although its roots are still largely in France: 64% of its workforce is based in France.

NET INCOME

The Group’s share of adjusted net income rose by 29% on an annual basis. It stood at 508 million euros for 2010, or 1.27 euros per share, compared with net income of 395 million euros on a restated basis (0.99 euros per share) for 2009.

BALANCE SHEET AND CASH POSITION

At December 31, 2010, the Group’s net cash position stood at 24 million euros, compared with a net debt of 498 million euros a year earlier, for a very significant improvement of 522 million euros. The healthy generation of free cash flow, at 934 million euros, was the result of good operational profitability and a reduction of 317 million euros in working capital requirements. The Group profited from a favorable change in its cash position thanks to business agreements with aircraft manufacturers, the impact of economic stimulus measures by the French government, which accelerated the repayment of certain tax credits, and a significant recovery of receivables. With a gross cash position of 2.1 billion euros and confirmed, non-drawn credit facilities of 2.4 billion euros at December 31, 2010, Safran has confirmed its financial development capacity.

€1 BILLION

worth of acquisitions since 2008

€1.2 BILLION

invested in R&D, equal to nearly 11% of sales, including 637 million euros self-financed.

€300 MILLION

invested in production facilities, including the inauguration of four major new plants in 2010.

SHARP RISE IN DIVIDEND

The proposed payment of a dividend of €0.50/share is subject to a vote by the Annual General Meeting of Shareholders on April 21, 2011. The planned total payout will be about 200 million euros.

EMPLOYEES BY JOB TYPE

PRODUCTION

R&D

OTHER

56,900

54,300

54,300

2009

2010

EMPLOYEES BY REGION

EUROPE (outside France)

AMERICAS

ASIA-PACIFIC

AFRICA & MIDDLE EAST

2009

2010

10

11
Safran gives shareholders clear, complete and accessible information in line with their requirements, no matter what their level of financial expertise. Specialized teams at Safran create information channels and organize meetings to establish relations of mutual trust, based on local contacts. In 2010, these teams revamped the financial information voice server to enrich its content. It is overseen by management teams from the Group’s investor relations department. Membership in the Shareholders Club is open to all individual shareholders. They receive regular information about Safran, in particular through the Shareholders Newsletter, which is available online, and was published more frequently in 2010. Visits to Group plants are also organized, and are open to all club members. In 2010, six half-day visits allowed more than 160 shareholders to get a close-up view of the Group’s operations. The Annual General Meeting of Shareholders allows shareholders to discuss issues with corporate management and ask questions. The meeting held on May 27, 2010 included an exhibition of Safran’s products and technologies, reflecting its technological excellence in different markets. This exhibition showcased the broad variety of the Group’s business sectors through three stands, dedicated to aircraft engines and equipment, defense and security.

Safran also organizes regular meetings with financial analysts and institutional investors from France and abroad, during presentations of financial results, as well as special conferences and seminars. We also organize roadshows and individual meetings, mainly in Europe and the United States, after the publication of annual and half-year results.

CHANGES IN THE SHAREHOLDING STRUCTURE

Area’s stake in Safran was significantly reduced, from 7.4% to 2%. For Safran, this helps increase the number of shares available to the public.

2011 AGENDA

FINANCIAL AGENDA

Annual General Meeting of Shareholders
April 21, 2011
Publication of 2011 Q1 results
April 28, 2011
Publication of 2011 H1 results
July 28, 2011

THE SAFRAN SHARE

The Safran share is listed in Compartment A of Euronext Paris, and is eligible for Deferred Payment Service (SRD).
Name: SAFRAN
ISIN code: FR0000073272
Abbreviation: SAF
Index: CAC Large 60 (starting March 21, 2011)

SAFRAN SHARE PRICE: JANUARY 1 TO DECEMBER 31, 2010

% Increase

-20 0 20 40 60 80 100 120 140


Safran
CAC 40

26.37
7.95
3,804.78 POINTS
Safran and L-1 Identity Solutions, a leader in this market in the United States, announced on September 20, 2010 that they had signed an agreement providing for the acquisition by Safran of L-1's biometric solutions, access control, secure ID document and enrollment service businesses, for a total of $1.09 billion, in cash. This operation, which was to be finalized in the first half of 2011 (pending authorization by American authorities), will create a world leader in high-tech solutions for the booming biometric security market.

With the addition of L-1, Safran will increase its security business sales by one-third. It will also help the Group consolidate its positions in the American market, giving it the complete array of technologies needed by any major player in the security sector. Already the world leader in fingerprint recognition, Safran will also acquire this status in iris recognition, and will bolster its production capacity for secure ID documents.

From the business standpoint, the acquisition facilitates access to the huge driver’s license market in the United States, which is managed by each state individually. Morpho will subsequently have the essential technologies and market access that will enable it to meet its long-term strategic objective of making security the Group’s third pillar.
Our ongoing international development does not mean that we have stopped investing in France. Safran continues to invest in state-of-the-art industrial facilities, as shown by Turbomeca’s new Joseph Szydlowski plant in Bordes, southwest France, inaugurated last June by French President Nicolas Sarkozy. This new plant represents a total investment of 100 million euros.

Turbomeca’s new plant will reduce production cycles by 50% and bring design and production teams closer together. Entirely “eco-designed”, it exceeds the most stringent Health, Safety and Environment (HSE) standards, and is a model of sustainable development. It was conceived with the well-being of future generations in mind, as well as the long-term viability of the enterprise, by anticipating the more restrictive environmental regulations to come. The plant also ensures the company’s long-term presence in this region, supporting both employment and skills development, and reflects the Group’s commitment to the ongoing growth of the world’s leading producer of turbine engines for helicopters.

LEAP-X CHOSEN FOR AIRBUS A320NEO

THE NEW-GENERATION AIRCRAFT ENGINE

On December 1, 2010, Airbus selected the LEAP-X as one of the engines to be offered on its A320neo. After having been chosen by Chinese aircraft manufacturer Comac as the sole Western powerplant on the new C919 jetliner, the LEAP-X is well on its way to replicate the success of its predecessor, the CFM56, which has become the benchmark in aircraft propulsion over the last 25 years. This shift to the new generation is already under way: the LEAP-X will enter service in 2016 on both the new version of the Airbus A320 and on the Chinese airliner.

ACQUISITION OF SNPE MATERIAUX ENERGÉTIQUES

EUROPE CONSOLIDATES ITS SOLID PROPULSION INDUSTRY

During the third quarter of the year Safran announced its plan to set up a framework agreement for industrial and commercial collaboration with SNPE, bringing to fruition a project that was considered a pivotal strategic objective for many years, namely, to strengthen the solid rocket motor industry in France and Europe. Solid propulsion is a key to both missiles and launch vehicles, and the two groups already team up on propulsion systems for France’s nuclear strategic missiles, the M51, and for Europe’s Ariane 5 launcher. The agreement between the two groups provides for the acquisition by Safran of SNPE Matériaux Energétiques (SME) and its subsidiaries, including 50% of Roxel, a specialist in tactical propulsion, and 40% in Regulus, a subsidiary specialized in solid rocket motor propellants. Pending the finalization of government procedures, expected in the first half of 2011, this project should enable Safran to establish its position as the world’s second leading supplier of solid propulsion systems. The new industrial organization will also give Europe a structured space propulsion industry, including the production of propellants and rocket motors within the same group. In fact, that is exactly how all of Safran’s main competitors in this market are already organized. The resulting industrial and contractual simplification will significantly boost industry competitiveness, and will help both the Ariane launcher and tactical missiles win new contracts. The restructured solid propulsion industry, now grouped within Safran, will comprise nearly 3,000 employees, a Research & Development unit with more than 600 scientists and engineers, and total sales estimated at nearly 600 million euros in 2011.

INAUGURATION OF THE JOSEPH SZYDLOWSKI PLANT

INDUSTRIAL EXCELLENCE, FRENCH STYLE

Our ongoing international development does not mean that we have stopped investing in France. Safran continues to invest in state-of-the-art industrial facilities, as shown by Turbomeca’s new Joseph Szydlowski plant in Bordes, southwest France, inaugurated last June by French President Nicolas Sarkozy. This new plant represents a total investment of 100 million euros.

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INNOVATION ANCHORED IN CROSS-FUNCTIONAL COMPETENCIES

Safran’s Research & Technology activities are organized according to a model that fosters the development of synergies. For instance, we have set up a network of experts focused on a dozen main disciplines: mechanics, aerodynamics, composite materials, alloys, electronics, onboard software, sensors and signal processing, systems engineering, etc. Several research centers in France and the United States, for instance, are working on signal processing and imaging techniques. Safran’s products for defense optronics, biometrics, explosive detection and critical engine parts, whose quality is certified by non-destructive testing (computed tomography, ultrasound inspection, etc.), benefit from broad synergies between these teams. Since being created, the Safran group has maintained close ties with academic research. In 2010 we started a new collaboration with the Leti lab at French atomic energy commission CEA, an applied research center for microelectronics and information technology, to work on infrared sensors using indium antimonide (InSb) technology.

To convert our research investments into intangible assets, Safran also actively pursues a policy of filing for patents, with the total number in our portfolio increasing steadily.

RESEARCH & TECHNOLOGY
RISING TO TOMORROW’S CHALLENGES

Establishing a distinctive technological difference is one of the key competitiveness factors in Safran’s business sectors. To maintain our leadership in an environment characterized by increasing global competition, the Group applies a strategy based on proactive Research & Technology.

New R&D center
The new François Hussenot center in Massy, near Paris, consolidates the Group’s strengths in electronics and safety critical software within the Safran Electronics division, forming a world-class R&D hub.
### GREEN TAXIING: COMBINING ECOLOGY AND ECONOMY
Safran has developed a concept that will allow aircraft to taxi, before takeoff and after landing, without using their jet engines. Electric motors powered by the auxiliary power unit (APU), already installed on all planes, will be added to each wheel in the main landing gear, and controlled from the cockpit. This concept will provide fuel savings of up to 5%, while significantly reducing CO₂ and NOx emissions, largely offsetting the additional fuel used due to the weight of the system. Furthermore, since the jet engines won’t operate while the planes are on the ground the risk of ingesting debris is greatly reduced. A demonstrator is planned for 2012, with the system entering service in mid-2016.

### SIMPLER SECURITY CHECKS
Morpho’s innovative X-ray diffraction technology will revolutionize the luggage inspection process during passenger check-in at airports, by allowing liquids and gels to be inspected, while increasing the detection rate and decreasing the number of false alarms. This highly-effective technology provides a precise identification of materials contained in luggage, based on their crystal or molecular structure, offering unprecedented detection performance. Many other technical advances are behind the design of a fast, compact system, especially well suited to these inspection stations.

### 3D WOVEN COMPOSITE BLADES FOR LEAP-X
In December 2010, Snecma carried out the first simulated blade rupture test on a new-generation fan module. This test is a major milestone in the certification of any jet engine. The fan blades and casing are made of a 3D woven composite material, using the resin transfer molding (RTM) process. RTM involves the injection of a liquid resin between a rigid mold and countermold, to produce 3D composite parts that are both light and strong, and very practical production processes have been developed as well. RTM woven composites are one of the major technological advances incorporated on the new LEAP-X engine.

### Tomorrow’s ceramic low-pressure turbines
The use of composite materials is gradually being extended to the entire aircraft, including the engine. In July 2010, Safran tested the first prototype of a low-pressure turbine fitted with ceramic matrix composite blades. Based on the 3D woven technology developed jointly by Snecma and Snecma Propulsion Solide (the Group’s center of excellence in composite materials), these blades are a world first, and a real technology breakthrough that heralds the new generation of turbines to be incorporated in airplanes that will hit the market towards 2018.

### RESEARCH & TECHNOLOGY
- **5th** leading French company in terms of patents published in 2010 (426)
- **20%** of employees work on R&D
- **458** doctoral scientists work in Safran’s research teams
- **1.2** billion euros invested in R&D in 2010 (53% self-financed)

### ASSEMBLING INERTIAL NAVIGATION EQUIPMENT IN A CLEAN ROOM
Safran continues to expand, while also building our image and bolstering our structure as a major global enterprise.

**A unified whole**

In 2010 Safran rolled out a new visual identity, designed to spotlight the value of the Group as a unified whole built on its constituent companies. At the same time, we further strengthened the coordination of our international development, based on a unified image and with the aim of greater efficiency. In the field, we carried out a number of promotional actions for the Group, to support the development of our companies. This support was reflected in close contacts with local authorities and key personalities, professional associations and think tanks.

This strategy also involved, for example, the coordinated implementation of a Group-wide offset policy, along with the management of our internal export control and trade compliance processes. A new company was created in 2010, Safran Mexico. The aim of this type of entity is to bolster our local presence with regional customers, and pool various support functions. We also focused on rationalizing the Group’s businesses in the United States and India last year, while organizing major country-level seminars in Russia, Brazil, Mexico, India, Italy and the United Kingdom.

**New visual identity**

The Group’s new visual identity was unveiled during the Annual General Meeting of Shareholders in 2010. It is based on a modernized Safran logo and a “descriptor” specifying the three core markets.
EXPANDING FOUNDATIONS IN SECURITY
The security sector has consolidated at a rapid pace over the last few years. Safran is now one of the top three providers of biometric solutions in this market, and is No. 1 worldwide in automated fingerprint identification systems (AFIS). With the recent acquisition of L-1 Identity Solutions (pending approval by American authorities), Safran will become the world leader in biometric ID solutions and the detection of dangerous products, adding expertise in critical iris recognition technologies and bolstering its capacities in enrollment systems. The acquisition of Printrak and GE Homeland Protection in 2009, along with L-1 today, confirm the Group’s transatlantic presence. In addition to adding new technological building blocks, the incorporation of L-1 will also facilitate access to the American market, which now accounts for about 40% of global security business.

THE UNIQUE ID NUMBER PROGRAM IN INDIA
Safran’s participation in the Indian program to assign a unique identification number to all residents will accelerate the development of the security market in Asia. The Group has therefore created a dedicated biometric subsidiary, Sagem Morpho Security Pte Ltd., and we have also teamed up with Mahindra Satyam, one of the world’s leading providers of information services. The vast Indian ID program is unprecedented worldwide, since it involves the creation and management of a biometric database eventually covering 1.4 billion people – a major breakthrough in the security market. Last December, Safran was the first company to contribute its technology for the deduplication of biometric files, enabling the first unique ID number to be issued in India.

A strategic facility in Mexico
Mexico is located in a very strategic position near the United States, the world’s leading aviation market. In March 2010, Mexican President Felipe Calderon and Safran CEO Jean-Paul Herteman inaugurated the Group’s new site in Querétaro. This site houses two plants, which make components for engines and landing gear used on both Boeing and Airbus jetliners. Already operating in Mexico for more than 20 years, Safran has confirmed its position as the country’s leading aviation industry employer, with 3,000 employees, and consolidated its strategic presence in this prestigious sector.
FRENCH ROOTS, GLOBAL FOOTPRINT

Safran has continually expanded to keep pace with the development of global business over the years, and now operates in more than 50 countries around the world.

EUROPE
40,653 employees, 75% of total workforce

- France 34,482
- Germany 990
- U.K. 1,985
- Russia 288
- Belgium 1,448
- Other 1,460

AFRICA / MIDDLE EAST
1,674 employees, 3% of total workforce

- Morocco 1,286
- South Africa 246
- Other 92

ASIA / PACIFIC
3,072 employees, 6% of total workforce

- India 1,625
- China 670
- Singapore 542
- Australia 179
- Other 58

NORTH AMERICA
8,053 employees, 15% of total workforce

- United States 4,330
- Mexico 2,708
- Canada 1,015

SOUTH AMERICA
804 employees, 1% of total workforce

- Brazil 703
- Other 101

Countries with more than 10 employees.
REFINING OUR CONTINUOUS IMPROVEMENT APPROACH

Safran’s improvement initiative was relaunched two years ago as Safran+, a label that is now widely recognized throughout the Group. Based on continuous improvement efforts, the priority projects – coordinated at Group level and overseen by management teams at our companies – are deployed simultaneously across the Group, and aim to achieve breakthrough improvements. The corresponding gains are spotlighted, to make sure that the performance achieved in each type of improvement action is visible.

The four main improvement objectives are: the development of service sales; the bought-in share of production costs; its internal share; and control over overhead, structural and administrative expenses. At the same time, a major Group project focuses on reducing our working capital requirements and improving cash flow. Another project aims to decrease the Group’s exposure to euro/dollar exchange rate fluctuations.

To increase their effectiveness, heads of both improvement initiatives and Group projects received special training in 2010, covering communications techniques, managing change and labor relations, and managing transformation projects.

Pooling procurement

Non-production purchases have been pooled through the creation of a shared services center, called Safran Purchasing. With this new structure, purchasing between Group companies is now coordinated centrally, while companies have retained their operational responsibility for the purchase of components, products or services needed to make their own products.
MODERNIZATION OF GROUP MANAGEMENT

Two types of actions run concurrently: continuous improvement initiatives, coordinated by Group companies within the scope of their own progress plans, and breakthrough or even disruptive concepts, embedded in several projects deployed simultaneously across the Group and coordinated centrally. All Safran entities share the common goals of improving financial performance and stimulating innovation, based on reference standards applied throughout the Group. In line with this approach, various support functions are being modernized to establish new operating modes and an enhanced service culture. For instance, since January 2010 a shared services center has centralized payroll and personnel management for 24,000 employees in France. At the same time, we revamped our in-house university, creating Safran Corporate University to support ongoing changes in our business sectors and develop the skills and expertise of more than 54,000 Group employees. Safran Corporate University focuses its training programs on the Group’s strategic challenges and priority skills development objectives for the entire workforce. This is just one way for us to unify our personnel around a shared corporate culture, identity and values.

LEAN-SIGMA, A MAJOR IMPROVEMENT LEVER

The Lean-Sigma Initiative continues to be a major lever for improving the Group’s performance. Based on training Green Belts and Black Belts in these two productivity improvement techniques, this initiative now counts nearly 2,000 employees who are undergoing training or have already been certified – and they will lead improvements in production, engineering and support functions.

COMPETITION DRIVES INNOVATION

Safran organizes a yearly competition that rewards the best innovations in five categories: Lean-Sigma, sustainable development, innovation in the field, patented innovation, and product, technology or service innovation. A Safran Grand Prize for Innovation recognizes the most innovative idea of the year.

The “innovation in the field” award for 2010 was jointly awarded by Safran and the business weekly L’Usine Nouvelle, while the prize for the best Lean-Sigma project spotlighted the impact of a quality initiative set up in conjunction with a supplier.

LEAN TRANSFORMATIONS

More than 80 “Lean Transformations” have been launched in the last two years. These initiatives systematically focus on visual management and use a two-pronged approach: projects implemented locally by companies, in line with the improvement objectives defined by Safran; and others carried out at Group level, based on proposals by our companies.

THE “FINGER ON THE FLY” MOBILE FINGERPRINT RECOGNITION SYSTEM WON THE SAFRAN INNOVATION GRAND PRIZE IN 2010

SUPPLY CHAIN

Safran continues to optimize its supply chain. All Group companies now manage this proactive initiative, sharing common reference standards that were drawn up to place daily supplier relations on a more professional basis. Thanks to actions targeting our suppliers, we have been able to reduce non-quality in half since 2008, while at the same time improving on-time delivery performance by 30%.
Safran has organized its core businesses in three branches. The Aerospace Propulsion and Aircraft Equipment branches consolidate the companies dedicated to air and space. The Defense – Security branch consolidates operations concerning optronics, avionics and electronics for both civil and military markets, as well as biometric and detection solutions for the security market.
INTERVIEW

MARC VENTRE, Executive Vice President, Aerospace Propulsion branch

How would you characterize the market in 2010?
The rebound in air transport, already buoyant in emerging countries starting in 2009, spread worldwide. These favorable conditions underpinned a clear recovery in airlines’ financial health. We have now emerged from the low point in the business cycle.

How did the events of the past year impact Safran’s propulsion business?
Spurred by the market recovery, we posted spectacular results at the Farnborough international airshow in July: more than 825 orders for CFM56 engines, along with long-term maintenance contracts, worth over $7.3 billion at list prices. The orders booked in 2010 largely exceed our best-ever year for production.

In addition to this business success, was there another area where you were especially satisfied?
Our very good earnings, built on what is now a well established trend of continuous improvements in controlling costs and improving productivity.

What difficulties did you have to overcome last year?
Spare parts orders for the CFM56 were lower than in 2009, a cause for concern, but this was fortunately offset in part by our support business for military, helicopter and large turbofan engines. We also recorded a 16% rise in CFM56 spare parts sales from the third to the fourth quarter of the year. This indicates that the low point is now behind us, and that the recovery is solidly established, including for support services.

“The selection of the LEAP-X for the Airbus A320neo confirms our success in 2009 when this engine was chosen to power the Comac C919. The successor to the CFM family is now well under way.”

Safran’s aerospace propulsion activities cover the entire life cycle of propulsion systems – design, production, marketing, testing, support – for airplanes, helicopters, missiles and launchers, in the civil, military and space markets. Engines built by Safran power many of the world’s leading aircraft and spacecraft.
COMMERCIAL ENGINES: CFM56 CONTINUES TO MEET CURRENT NEEDS

Air traffic grew 6.3% in 2010 over the previous year, according to the International Civil Aviation Organization (ICAO), due to a significant rise in international traffic and dynamic growth of domestic traffic in emerging countries. While the LEAP-X engine represents the future in aircraft propulsion, CFM56 engines continue to meet the current needs of Safran’s customers, as clearly shown by the large number of new contracts signed at the Farnborough airshow. In June 2010, the European Aviation Safety Agency (EASA) certified the SaM146 engine powering the Sukhoi Superjet 100 regional jet, a decisive step forward in the promising career of this new aircraft. Mexican airline Interjet ordered 20 Superjet 100s during the year, including five on option.

 MILITARY ENGINES: TP400 FLIGHTS, MRO CONTRACT

The difficulties of the new A400M military transport have now been overcome, and its TP400 turbosop engine is continuing flight tests leading to certification. The fourth A400M built by Airbus made its first flight in December, and the development fleet logged more than 1,000 flight-hours in 2010. During the year Safran signed a five-year contract with SAFR, the French military aircraft MRO (maintenance, repair and overhaul) organization, covering the M53 (Mirage 2000) and M88 (Rafale) engines, as well as the TP400 (A400M) when it enters service.

INAUGURATION OF BORDES PLANT

The Arriel family of helicopter engines has celebrated its 30 millionth flight-hour. Available in 28 different versions, it holds a 60% share of the market for helicopters with 700 to 900 shp (shaft horsepower) engines. Reflecting its confidence in its helicopter engine design and production business, Safran invested 100 million euros in the new Turbomeca plant in Bordes, southwest France, inaugurated in June 2010 by French President Nicolas Sarkozy.

MEETING AMBITIOUS GOALS IN SPACE

On January 14, 2010, Ariane celebrated its 30th anniversary, and this success story continues today with Ariane 5. Safran is responsible for propulsion systems on this European launcher, with the Vulcain® 2 main-stage and HM7B upper-stage cryogenic engines, along with the solid rocket boosters, in partnership with Avio. Including the six missions in 2010, Ariane 5 had performed 41 successful launches in a row at December 31, 2010.

Safran, the European leader in the design and construction of solid rocket motors, signed an agreement to acquire SNPE Matériaux Énergétiques (SME), the European leader in propellants and energetic equipment. The new consolidated entity will be a world leader in solid propulsion for both space and defense applications. The M51 strategic missile, including propulsion and guidance systems by Safran, was fired by a submerged submarine on the move for the first time.

Airbus selects the LEAP-X

The LEAP-X, a new generation engine developed by CFM International, a 50/50 joint company of Snecma (Safran) and GE, was selected by Airbus as one of the engines to be offered on the A320neo. This new aircraft could enter service in spring 2016, and will meet customers’ priority requirements in terms of reliability, reduced fuel consumption and maintenance costs, and environmental performance.
“With Safran Power and the Ampères research program, Safran really anticipated the ‘more electric’ aircraft revolution. I am sure that we will be ready for the new generation of single-aisle jets.”

What were the main developments for your branch in 2010?
Above all, I would like to underscore the rebound in our economic performance. After three years of unrelenting efforts, we generated significant cash flow. Our productivity gains are especially encouraging, and we will keep improving in this area.

What areas gave you the greatest satisfaction?
The success of our nacelle and thrust reverser business, driven by the success of the new LEAP-X family, is very encouraging. Nexcelle and CFM confirmed their synergy, clearly proving Safran’s ability to provide its customers with an integrated propulsion system, including the engine, nacelle and thrust reverser. This capability proved to be especially relevant, because, after convincing Comac in late 2009, this proposal won over Airbus in 2010.

Were there any disappointments last year?
Perhaps the term is a bit strong, but it’s true that delays in major aircraft programs including a significant number of our products impacted our sales growth.

The companies Messier-Dowty, Messier-Bugatti and Messier Services are going to merge: why now?
Today, aircraft manufacturers want to work with solid Tier-1 partners, capable of delivering integrated, innovative solutions. In terms of service delivered to airlines, our future also depends on our ability to provide more comprehensive packages. Major opportunities are coming up in the next decade, so it’s the right time to create a world leader by grouping all functions that connect an airplane to the ground (i.e., landing, braking, steering) in a single entity.

Safran supplies a wide range of systems and equipment for most of today’s leading aircraft, in particular nacelles and thrust reversers, landing and braking systems, and electrical power transmission, distribution and management equipment.
SUCCES IN THE NACELLE/THRUST REVERSER MARKET
Last year was very promising for the future of Group company Aircelle, which has a number of programs in its portfolio. Nexcelle, an equal joint venture of Aircelle and Middle River Aircraft Systems (GE) has a very healthy order book. The selection of the LEAP-X engine for both the Comac C919 and the Airbus A320neo also benefits the Aircraft Equipment branch. These successes are based on innovations that call on composite materials, and on exceptional work focusing on acoustic performance, aerodynamics, electrically-controlled thrust reversers and the “design to cost” concept, which involves integrating cost factors right from the initial design phase.

Nexcelle will also be participating in another major aircraft program, since its nacelles and thrust reversers will equip the GE TechiX engine, selected for the new Bombardier Global 7000 and Global 8000 business jets.

TOWARDS MORE ELECTRIC AIRCRAFT
“More electric” aircraft simply means that the traditional hydraulic and pneumatic systems will be replaced by electrical systems in the upcoming generations of commercial jets. Safran Power entity, dedicated to this field, is now completely organized. In related areas, Safran Engineering Services was created on March 1, 2010, as a single entity that provides engineering services for design departments in the Group and for other major manufacturers.

An assembly line that will become an industry benchmark
The A380 nacelle assembly line in Le Havre, France, marks a significant breakthrough in production: the same automated line is used to assemble four different versions of the nacelles used on the Airbus super-jumbo jet: for the two different engines offered on this aircraft, and with or without thrust reversers on each model.
INTERVIEW
OLIVIER ANDRIÈS, Executive Vice President, Defense – Security branch

What was the main development in 2010 for your branch?
The announcement of the planned acquisition of L-1 Identity Solutions was undoubtedly the most important event last year. Following the acquisition of Morpho Detection in 2009, this transaction, pending approval by American authorities, is a new challenge for us. L-1’s businesses are an excellent fit with our own, from both the commercial and technological viewpoints, and will strengthen our position as a major player in the global security market.

Could you briefly describe the unique ID number program in India?
India has launched a vast program to assign each resident a unique identification number – by far the largest program of this type in the world, since it will cover 1.4 billion persons, 15 times more than the largest biometric database to date. Morpho is one of the three companies chosen to take part in the first phase of this program, covering some 200 million persons.

And what were the highlights in your defense business last year?
First, the excellent performance of our optronics business, with sales up 38%, driven by our subsidiary Vectronix and the many contracts it won from the U.S. Army. Also worth noting were the successful firing tests of the laser-guided AASM, as well as several successes in avionics, including a number of certifications, such as the one for the electric brake software on the Boeing 787.

Why is the X4 program so important for Safran?
Eurocopter’s planned X4 helicopter is the first civil rotorcraft with fly-by-wire controls. In addition to the development of a new engine, Safran has signed a tripartite agreement with Eurocopter and Thales for the development of the X4’s avionics suite, and we will be in charge of the flight controls.

“Our corporate strategy of making security the third pillar of the Group really came into its own in 2010, with the planned acquisition of L-1 and the unique ID number program in India.”

A major player in global security markets, Safran offers a complete line of advanced technology products, from personal identification to luggage inspection, helping to protect people, identify criminals and secure critical facilities. We also call on our expertise in optronics, avionics and electronics to give our customers high-tech systems and equipment for use on air, land and sea, in both civil and military markets.

2,281 million euros in sales
13,000 employees

DEFENSE – SECURITY

DEFENSE SECURITY

2010 ANNUAL REPORT
**ID BUSINESS SUCCESS**

Safran was chosen to participate in the test phase of India’s unique ID number program, which combines iris and fingerprint recognition for a population sample group of 200 million persons. In addition to this unprecedented project, Safran scored a number of major business wins, including the renewal of passports in the Netherlands, secure driver’s licenses in North Carolina, and replacement of the Iris system in the United Arab Emirates.

**DETECTION: MEETING NEW THREATS**

To respond to the emergence of new terrorist threats, Safran is developing innovative technologies to detect liquid explosives, as well as explosives in containers. The Group received several major certifications for its products in the United States, in particular for the CTX 9800 computed tomography systems. It also booked orders from around the world for the Itemiser DX portable explosive trace detector.

**TECHNOLOGIES RECOGNIZED WORLDWIDE**

Safran maintained its position at the cutting edge of technology, winning several awards for the quality of its products and innovative solutions. For example, Safran was ranked first by the National Institute of Standards and Technology (NIST) in the United States in an authentication test of fingerprint recognition. At the Security Essen 2010 trade show, Safran won the innovation award for its sensor that combines the analysis of vein patterns in fingers and fingerprints. More recently, Group company Morpho won the “Sésames” award for its work to ensure the compatibility of SIM cards with local wireless networks.

**Planned acquisition of L-1 Identity Solutions**

The planned acquisition of L-1 will significantly bolster Safran’s world leadership in security solutions due to several key factors: complimentary technological fit with facial and iris recognition; and complimentary footprints, especially with the addition of the secure driver’s license market in the United States.
HUMAN RESOURCES
A STRONG, INTEGRATED GROUP

The Safran group is developing in today’s global economy. Besides growing in scope and reorganizing, it is also assuming its corporate social responsibility as a leading economic player by signing agreements and implementing a dynamic human resources policy.

HUMAN RESOURCES: SAFRAN’S MAIN CAPITAL
To keep pace with its growth, Safran faces two challenges: skills management and internationalizing its customers and teams. The level of skills and ability to develop its employees’ know-how are particularly crucial factors for high-tech business activities. Safran focuses two thirds of its recruitment efforts on attracting engineers. In 2010, Safran created three new departments within the HR division: the Social Relations department, the Management and Senior Executives department and the Training and Managerial Development department. The latter two share a goal: strengthening the Group’s common culture and enabling greater mobility for executives between companies and jobs. This goal requires shared operating modes, developing networking, and the exchange of best practices and cooperation through closer working relationships. This makes Safran Corporate University, reorganized in 2010, an ideal resource for all employees in the Group, from high-level managers to staff affected by career changes, whatever their company and location. The University is a great way to spread the Safran group’s culture, identity and values.

Safran Corporate University
The training courses run by the new Safran Corporate University are grouped into three main categories:
• Leadership and Management: facilitating shared management practices based on the Group’s values.
• Professions and Skills: enhancing technological and production skills, as well as skills required for support posts in accounting, purchasing, human resources, etc.
• Employment-Training: protecting the employability of each and every employee in the Group, by facilitating retraining for those whose skills need to be adapted or whose jobs have changed.
ALMOST 25% OF SAFRAN EMPLOYEES AROUND THE WORLD ARE WOMEN (HERE, IN MEXICO).

CORPORATE SOCIAL RESPONSIBILITY AND DIVERSITY
Responsible corporate citizenship, the power of teamwork and bringing out the best in men and women – three of Safran’s core values – are illustrated in several ambitious projects aimed at fostering diversity.

One of their main focuses will be on better integrating disabled persons. With a project called “Élan” launched in 2006 by the Safran Foundation for Integration, the Group takes on students for work-study courses. In this same area, Safran supports the SALTO project and the HAN’VOL association. On May 21, Safran also signed an agreement with Agefiph (1), setting an objective of hiring or training 146 disabled persons over a period of two years, including 49 permanent or fixed term contracts, 67 apprentices and 30 interns.

Steps have also been taken to foster gender equality. The Group is a partner in the “Elles bougent” association, which aims to promote women’s roles in science education and encourages overall diversity when hiring staff, particularly with regard to engineers and executives.

Moreover, as in 2008 and 2009, Safran continued to welcome 250 young people per year from disadvantaged urban areas under the French government’s “Espoir Banlieues” program.

MODERNIZATION OF SUPPORT POSTS
The purpose of modernizing support posts is to provide the Group with more efficient ways of operating, to substantially develop a service culture, to help build an integrated group and to share common processes. As an example, the creation of Safran Purchasing in November fulfills all these purposes, bringing together buyers dedicated to non-production purchases. Another shared services center now manages the administration and payroll of French employees.

Reorganization projects have also been set up within the Computer Systems and Information Technology department, and in the Legal, Communications and Health, Safety and Environment (HSE) departments. The projects are aimed at smoothing processes and communication between the Group’s key central posts and their network of correspondents in various companies and countries.

A GROUP AGREEMENT ON EMPLOYING SENIORS
An agreement in favor of employing seniors was signed in France on February 12 for a period of three years. In addition to the goal of keeping seniors in employment, the agreement is also intended to improve the transfer of knowledge and skills. It includes a provision for maintaining a level of at least 14% of the Group’s employees in the over-55 age bracket. In 2010, 50% of French workers were over 45.

Signing the diversity charter
On November 8, in an additional step forward in Safran’s commitment to equal opportunity and diversity, Jean-Paul Herteman, Chief Executive Officer, signed the diversity charter. Also in attendance at the signing in Évry, France, were Manuel Valls, Mayor of Évry and member of the French Parliament, Pierre Lambert, Prefect with delegated responsibility for equal opportunity in the Essonne region, and Claude Bébéar, Honorary Chairman of the AXA group and co-initiator of the diversity charter.
Safran’s corporate responsibility takes the form of various commitments such as the fight against climate change, protection of the environment and people’s health, cultural and social patronage and a boat sponsorship initiative. The Group develops these corporate social responsibility actions in line with the core values that underpin its identity.
**HEALTH, SAFETY, ENVIRONMENT**

Responsible corporate citizenship is one of the values of the Group, which is committed to efficiently managing its health, safety and environment risks.

**SPECIFIC TARGETS AND A NEW ORGANIZATION**

The Sustainable Development department was extended in 2010 to become the Health, Prevention, Safety, Environment and Sustainable Development department (HPSE & SDD). Safran’s intention is to set up a prevention culture throughout the entire Group. The first target is to improve working conditions with regard to health and safety, in particular by cutting the number of work-related accidents and illnesses in half within five years. The aim with regard to the environment is to reduce environmental impacts (water and air emissions, waste production, water and energy consumption) and to prevent and manage technological and natural risks (pollution, fire, flooding).

The core team in the HPSE & SDD is structured into three geographical areas; each area coordinator manages a network of preventers spanning various sites that are geographically close, belonging to different companies in the Group. In HSE, as in other posts at Safran, integration of processes has continued, together with interdisciplinary work and the emergence of a Group culture.

**A GLOBAL MANAGEMENT SYSTEM**

The Group’s HSE management system is based in particular on 26 standards that apply worldwide, allowing each unit to measure its maturity level with regard to risk management. These standards were reworked in 2010 and are both a real roadmap for managers and an efficient tool for performance monitoring. They evolve over time, in line with the requirements of the Group’s customers. This is also true for the Safran HSE audit guidelines, which will be replacing the guidelines currently used (ISO and OHSA). Test audits were conducted in selected companies in 2010 – at Techspace Aero in Liège (Belgium), Sagem Industrie in Fouguères (France), Sagem in Valence (France) and Turbomeca in Dallas (United States).

**PREVENTION CULTURE**

Managers have various tools and methodologies available for improving their HSE risk management. The TEHSE program (traceability and evaluation of exposure in health, safety and the environment) gathers data on all work-related risks. It evolved over time, in line with the requirements of the Group’s customers. This is also true for the Safran HSE audit guidelines, which will be replacing the guidelines currently used (ISO and OHSA). Test audits were conducted in selected companies in 2010 – at Techspace Aero in Liège (Belgium), Sagem Industrie in Fouguères (France), Sagem in Valence (France) and Turbomeca in Dallas (United States).

**Measuring our carbon footprint**

In 2008, Safran invested in a tool to measure its carbon footprint, setting a goal of reducing its CO₂ emissions by 15% by 2012. At the beginning of 2010, 65 sites were being measured, accounting for 90% of the Group’s revenues and 85% of its staff. Three new sites have since joined the scope of the project. At the forefront of companies in the aerospace sector, Safran also started a procedure at the end of 2009 to obtain the Carbon Progress® label, delivered by Bureau Veritas Certification, to highlight steps toward sustainably reducing its carbon footprint. The pilot site, the Group’s head office in Paris, passed the first milestone in the procedure in 2010.

**WATER AND ENERGY SAVINGS IN POLAND**

The Hispano-Suiza site (Safran) in Poland set up a new wastewater treatment plant in 2010. This innovative “zero discharge” closed cycle facility is equipped with a low temperature energy-saving system. Water consumption can be reduced by 1,500 m³ in one year, energy consumption by 24 MWh and 69 tons of industrial waste are eliminated.

**REDUCED NUMBER OF ACCIDENTS**

**ENHANCED TREATMENT OF INDUSTRIAL WASTEWATER**

**MEASURING THE CARBON FOOTPRINT**

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Safran is a demanding corporate philanthropist; its commitment to long-term investment in industry is equally strong and dedicated in the social and cultural spheres.

The proactive approach adopted by the Safran group for issues relating to solidarity was reaffirmed in late 2009/early 2010 with the renewal of its two corporate foundations for integration and music for a period of five years. Safran’s corporate patronage policy is part of a larger global approach, and is developed within these two foundations, through steps to promote solidarity undertaken with major partners. Over 200 projects have been supported in France and abroad since 2005.

TWO CORPORATE FOUNDATIONS WHOSE DIVERSE ACTIONS EMBODY THE VALUES OF A SOCIALLY RESPONSIBLE GROUP...

The Safran Foundation for Integration fosters the social and professional integration of young adults with motor, sensory, mental or social disabilities. “It is because of this goal, so easy to say, but with very ambitious objectives, that I have accepted the position of director,” said Dr. Xavier Emmanuelli, founder of the “Samu social” social assistance service. Around fifteen projects from very high-quality associations were thus selected by the board of directors in 2010. The Foundation makes every effort to support projects that combine the Group’s industrial universe with the public interest. An example of this is the approach adopted by the association “Les Ailes de la ville,” which provides aerospace industry skills training at the Air and Space Museum at Le Bourget for young people having difficulty finding a job. Moreover, Safran employees now have the opportunity to take part in the Foundation by participating in projects conducted in collaboration with the Group HR division and each company’s HR division. In addition to the Élan program, which accepts around thirty young disabled people each year for work-study courses leading to a qualification, a second joint undertaking has been launched to support the Frateli association. Its objective is to pair up high-potential students from lower income families with “mentors” – young high-level employees.

... AND A PATRONAGE POLICY LINKED TO LONG-TERM PARTNERSHIPS

The initiatives supported by the Group through its patronage policy combine a social and cultural approach in cooperation with partners that have a leading role to play. Safran has thus entered into a very strong long-term partnership with the French Ministry of National Education. For the third year running, pupils from schools in educational priority areas in the three Île-de-France school districts were invited by Safran to attend a concert given by the Orchestre de l’Alliance in the Salle Gaveau hall in Paris on December 14, with the Minister of Education, Luc Chatel, also present.

Two excellent examples of Safran’s involvement in favor of diversity and equal opportunity

The Safran Foundation for Music supports talented young musicians in their training or the development of their professional careers by supporting the places where they perform. This young violinist Fanny Clamagirand underscores this aid: “With the support of the Foundation, I have made significant progress in my career and I have been able to raise my artistic level even further.” The Safran Foundation annual prize for music, awarded this year to Mi-Sa Yang, a brilliant young South Korean violinist, illustrates the close link that exists between the Group and the world of classical music, through the shared values of excellence and technical sophistication.
Safran’s corporate culture is distinguished by mastery of cutting-edge technologies, honoring commitments and the ability to maintain long-term partnerships. These three components are also manifested in the way that the Group’s boat sponsorship program is run.

**Technology, Respect for Others and Long-term Partnerships**

The ability to develop strong, long-lasting partnerships is a remarkable characteristic of the Safran group. This trademark has been omnipresent in the boat racing sponsorship project right from the start. Establishing long-term relationships with the skipper, Marc Guillemot, the architects, service providers and the shipyard where the Safran boat was built has been a key factor for success and performance. The project has been sustained by the enthusiasm of the men and women in the Group who contributed Safran’s technologies, procedures and methods, constituting a unique breakthrough in the history of boat racing sponsorship.

**Competition as a Stimulus**

Safran has a profound belief in the virtues of emulation and competition as a stimulus to outdo oneself and push boundaries, both in industry and in ocean racing. It does not claim any exclusivity in this respect; the shape of the Safran hull has been used to build new boats, thus creating formidable competitors. At Safran, thinking ahead to stay ahead is in our DNA. We never allow ourselves to rest on the laurels of our current performance; instead, we deploy a continuous improvement approach in our boat racing sponsorship.

**Long-term Development Plan for Continuous Improvement of the Platform**

The long-term development plan for continuous improvement of the platform is intended to ensure that Safran remains the benchmark boat in the IMOCA class. Work done in 2010 focused on reducing the weight of the boat and lowering its center of gravity, developing a simpler, more reliable, higher-performance hydro-generator, and developing a groundbreaking fuel cell.

**We’ve Got a Winner!**

On July 1, 2010, the Round Spain race ended in Barcelona with a resounding victory for Safran and its crew, led by Marc Guillemot, after winning four of the six stages of the race. In November, Safran and its skipper came in third against particularly stiff competition in the La Route du Rhum - La Banque Postale race. The Group also co-sponsored a crew of young Bretons who finished first in the “Student” category in the annual Tour de France à la Voile race and came in eighth overall.